

Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201

Department of the Treasury

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Date: June 20, 2016

Employer Identification Number:

Contact person - ID number:

Contact telephone number:

LEGEND
y dollars = Amount

UIL: 4945.04-04

Dear :

You asked for advance approval of your scholarship grant procedures under Internal Revenue Code section 4945(g). This approval is required because you are a private foundation that is exempt from federal income tax. You requested approval of your scholarship program to fund the education of certain qualifying students.

Our determination

We approved your procedures for awarding scholarships. Based on the information you submitted, and assuming you will conduct your program as proposed, we determined that your procedures for awarding scholarships meet the requirements of Code section 4945(g)(1). As a result, expenditures you make under these procedures won't be taxable.

Also, awards made under these procedures are scholarship or fellowship grants and are not taxable to the recipients if they use them for qualified tuition and related expenses (subject to the limitations provide in Code section 117(b)).

Description of your request

You will operate an educational grant program. The primary purpose of the program is to aid persons who are in pursuit of educational objectives but may not reach their goal because of poverty, unexpected financial distress, natural disaster, civil disturbance, personal or family crisis, cultural or language barriers, loss of parents while a minor, or similar reasons.

Initially grants are to be no more than y dollars. The maximum amount of the grant will be determined annually by your directors. The amount of the grant will not exceed the cost of the education covered by the grant.

Grants are not renewable. A grantee must submit a new application for each school year or for each period. The recipients' performance at school or the use of prior grants will be considered in deciding whether a new grant will be awarded.

Knowledge of the program is to be disseminated to the public by word of mouth. To be considered for a grant an application form must be completed. When possible, you will consult with local community groups, churches, and public charities and other social welfare agencies for help identify recipients. You will document the applicant's eligibility for financial assistance by determining eligibility for social welfare programs. The award or denial of grants will not be based on any recipient's race, color, creed, sex, sexual orientation, age, or religion. You will not make grants to any individual who is related to a disqualified person.

Your directors will serve as the initial review committee to determine the recipients and amounts of the grants awarded. Ultimately a separate review committee will review the applications and make recommendations to the directors to approve or deny a request as well as the amount of the grants to be awarded. The final decision rests with the directors, who will make the decision in a nondiscriminatory and objective manner.

Grants are to be supervised or controlled as follows:

- Documentation from the school is obtained to verify the students' enrollment and performance. When possible, grants will be made payable to the institution.
- Grantees will be asked to sign a short contract agreeing to use the grant for the purposes intended and not to use the grant money for purposes expressly prohibited by your policies and procedures.
- Where reports provided to you or other information indicates that all or any part of grant funds are not being used for the designated charitable purpose of the grant, you will conduct an investigation. If there is sufficient evidence that a grant has not been used for the charitable purpose designated by you, you will take reasonable and appropriate steps to recover diverted grant funds and/or to ensure use of other grant funds held by the grantee for the designated charitable purposes. Any discrepancies or irregularities in the recipient's handling of distribution(s) will be documented in your records and considered in any future grant making decisions.

No geographic limitations are to be placed on applicants in order to submit an application. However; the names of the applicants will be checked against the Office of Foreign Assets Control (OFAC) list published by the United States Department of the Treasury.

You will maintain records and case histories for all grant recipients which include:

- Name and address of each grant recipient
- Eligibility of each recipient under the guidelines specified herein
- The amount expended to/for each recipient

- The purpose for which the grant was given
- The manner in which the grant recipient was selected

You represent that you will complete the following: (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversion of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover the diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and (4) withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversion from occurring.

You represent that you will maintain the following: (1) all records relating to individual grants including information obtained to evaluate grantees, (2) identify a grantee is a disqualified person, (3) establish the amount and purpose of each grant, and (4) establish that you undertook the supervision and investigation of grants described above.

Basis for our determination

The law imposes certain excise taxes on the taxable expenditures of private foundations (Code section 4945). A taxable expenditure is any amount a private foundation pays as a grant to an individual for travel, study, or other similar purposes. However, a grant that meets all of the following requirements of Code section 4945(g) is not a taxable expenditure.

- The foundation awards the grant on an objective and nondiscriminatory basis.
- The IRS approves in advance the procedure for awarding the grant.
- The grant is a scholarship or fellowship subject to the provisions of Code section 117(a).
- The grant is to be used for study at an educational organization described in Code section 170(b)(1)(A)(ii).

Other conditions that apply to this determination

- This determination only covers the grant program described above. This approval will apply to succeeding grant programs only if their standards and procedures don't differ significantly from those described in your original request.
- This determination applies only to you. It may not be cited as a precedent.
- You cannot rely on the conclusions in this letter if the facts you provided have changed substantially. You must report any significant changes to your program to the Cincinnati Office of Exempt Organizations at:

Internal Revenue Service
Exempt Organizations Determinations
P.O. Box 2508
Cincinnati, OH 45201

- You cannot award grants to your creators, officers, directors, trustees, foundation managers, or members of selection committees or their relatives.
- All funds distributed to individuals must be made on a charitable basis and further the purposes of your organization. You cannot award grants for a purpose that is inconsistent with Code section 170(c)(2)(B).
- You should keep adequate records and case histories so that you can substantiate your grant distributions with the IRS if necessary.

Please keep a copy of this letter in your records.

If you have questions, please contact the person listed at the top of this letter.

Sincerely,

Jeffrey I. Cooper
Director, Exempt Organizations
Rulings and Agreements